

**CITY OF KARRATHA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	60

**COMMUNITY VISION**

To be Australia's most liveable regional City.

Principal place of business:  
Lot 1083 Welcome Road  
Karratha, WA 6714

**CITY OF KARRATHA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

*Local Government Act 1995*  
*Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Karratha for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Karratha at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on 1 March 2022



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Chris Adams  
Chief Executive Officer



**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	27(a)	44,298,154	43,374,241	42,115,888
Operating grants, subsidies and contributions	2(a)	17,146,710	19,550,160	14,722,534
Fees and charges	2(a)	40,196,174	37,545,656	39,009,825
Service charges	27(b)	0	0	(1,022)
Interest earnings	2(a)	1,058,794	1,174,577	1,997,559
Other revenue	2(a)	3,250,577	765,673	1,962,576
		<b>105,950,409</b>	<b>102,410,307</b>	<b>99,807,360</b>
<b>Expenses</b>				
Employee costs		(37,214,925)	(35,425,142)	(36,285,412)
Materials and contracts		(29,449,528)	(33,273,148)	(31,369,835)
Utility charges		(6,249,037)	(6,475,307)	(6,032,628)
Depreciation on non-current assets	10(b)	(21,305,004)	(18,594,262)	(20,456,483)
Interest expenses	2(b)	(202,694)	(5,994)	(8,907)
Insurance expenses		(1,900,845)	(1,773,981)	(1,777,732)
Other expenditure		(3,763,473)	(4,460,820)	(3,332,909)
		<b>(100,085,506)</b>	<b>(100,008,654)</b>	<b>(99,263,906)</b>
		<b>5,864,903</b>	<b>2,401,653</b>	<b>543,454</b>
Non-operating grants, subsidies and contributions	2(a)	4,724,337	5,523,990	5,752,377
Profit on asset disposals	10(a)	35,501	1,200	121,201
(Loss) on asset disposals	10(a)	(439,137)	(272,783)	(3,461,196)
Fair value adjustments to financial assets at fair value through profit or loss		6,542	0	0
Fair value adjustments to investment properties	13	5,438,861	0	3,381,936
		<b>9,766,104</b>	<b>5,252,407</b>	<b>5,794,318</b>
<b>Net result for the period</b>		<b>15,631,007</b>	<b>7,654,060</b>	<b>6,337,772</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(316,186)	0	(7,149,718)
<b>Total other comprehensive income for the period</b>		<b>(316,186)</b>	<b>0</b>	<b>(7,149,718)</b>
<b>Total comprehensive income for the period</b>		<b>15,314,821</b>	<b>7,654,060</b>	<b>(811,946)</b>

This statement is to be read in conjunction with the accompanying notes.



**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		1,142,190	1,092,924	721,825
General purpose funding		50,683,707	48,598,000	49,595,865
Law, order, public safety		713,146	590,401	866,319
Health		223,524	158,542	151,626
Education and welfare		57,672	78,000	71,752
Housing		917,274	997,756	862,233
Community amenities		11,874,573	10,443,981	11,375,966
Recreation and culture		13,482,789	16,795,946	11,435,570
Transport		25,321,490	22,812,423	23,465,074
Economic services		704,357	543,350	631,527
Other property and services		829,687	298,984	629,603
		<b>105,950,409</b>	<b>102,410,307</b>	<b>99,807,360</b>
<b>Expenses</b>				
	2(b)			
Governance		(2,691,249)	(3,491,541)	(2,708,189)
General purpose funding		(2,052,083)	(1,459,347)	(1,402,490)
Law, order, public safety		(1,404,236)	(1,475,308)	(1,727,258)
Health		(1,035,202)	(1,152,792)	(1,119,686)
Education and welfare		(178,352)	(178,845)	(396,813)
Housing		(910,717)	(992,084)	(1,016,957)
Community amenities		(18,752,644)	(16,940,376)	(15,912,828)
Recreation and culture		(43,598,582)	(43,887,123)	(38,468,764)
Transport		(26,586,175)	(24,820,710)	(34,337,360)
Economic services		(1,895,529)	(5,454,399)	(1,918,519)
Other property and services		(778,043)	(150,135)	(246,135)
		<b>(99,882,812)</b>	<b>(100,002,660)</b>	<b>(99,254,999)</b>
<b>Finance Costs</b>				
	2(b)			
General purpose funding		(10,141)	(5,994)	(7,883)
Community amenities		(176,038)	0	0
Recreation and culture		(16,515)	0	(1,024)
		<b>(202,694)</b>	<b>(5,994)</b>	<b>(8,907)</b>
		<b>5,864,903</b>	<b>2,401,653</b>	<b>543,454</b>
Non-operating grants, subsidies and contributions	2(a)	4,724,337	5,523,990	5,752,377
Profit on disposal of assets	10(a)	35,501	1,200	121,201
(Loss) on disposal of assets	10(a)	(439,137)	(272,783)	(3,461,196)
Fair value adjustments to financial assets at fair value through profit or loss		6,542	0	0
Fair value adjustments to investment properties	13	5,438,861	0	3,381,936
		<b>9,766,104</b>	<b>5,252,407</b>	<b>5,794,318</b>
<b>Net result for the period</b>		<b>15,631,007</b>	<b>7,654,060</b>	<b>6,337,772</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(316,186)	0	(7,149,718)
<b>Total other comprehensive income for the period</b>		<b>(316,186)</b>	<b>0</b>	<b>(7,149,718)</b>
<b>Total comprehensive income for the period</b>		<b>15,314,821</b>	<b>7,654,060</b>	<b>(811,946)</b>

**Total comprehensive income for the period**

This statement is to be read in conjunction with the accompanying notes.



**CITY OF KARRATHA  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	60,871,828	55,175,670
Trade and other receivables	6	8,848,998	10,252,019
Other financial assets	5(a)	16,569,589	13,163,678
Inventories	7	1,318,758	488,469
Contract assets	2(a)	691,479	0
<b>TOTAL CURRENT ASSETS</b>		<b>88,300,652</b>	<b>79,079,836</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	398,516	453,046
Other financial assets	5(b)	800,246	322,310
Inventories	7	93,370	488,358
Property, plant and equipment	8	250,787,540	250,813,979
Infrastructure	9	431,210,116	426,824,872
Investment properties	13	31,300,000	25,619,936
Right-of-use assets	11(a)	1,405,797	27,436
<b>TOTAL NON-CURRENT ASSETS</b>		<b>715,995,585</b>	<b>704,549,937</b>
<b>TOTAL ASSETS</b>		<b>804,296,237</b>	<b>783,629,773</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	11,123,600	6,195,306
Other liabilities	15	973,681	2,119,876
Lease liabilities	16(a)	145,406	14,998
Borrowings	17(a)	16,416	85,520
Employee related provisions	18	4,820,037	4,618,608
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,079,140</b>	<b>13,034,308</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	1,227,481	12,831
Borrowings	17(a)	16,853	177,494
Employee related provisions	18	473,844	457,080
Other provisions	19	14,082,863	13,846,825
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>15,801,041</b>	<b>14,494,230</b>
<b>TOTAL LIABILITIES</b>		<b>32,880,181</b>	<b>27,528,538</b>
<b>NET ASSETS</b>		<b>771,416,056</b>	<b>756,101,235</b>
<b>EQUITY</b>			
Retained surplus		456,812,908	452,276,363
Reserves - cash/financial asset backed	4	73,555,557	67,506,603
Revaluation surplus	12	241,047,591	236,318,269
<b>TOTAL EQUITY</b>		<b>771,416,056</b>	<b>756,101,235</b>

This statement is to be read in conjunction with the accompanying notes.



**CITY OF KARRATHA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	RESERVES CASH/FINANCIAL			TOTAL EQUITY
	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
	\$	\$	\$	\$
<b>Balance as at 1 July 2019</b>	<b>446,597,387</b>	<b>66,847,807</b>	<b>243,467,987</b>	<b>756,913,181</b>
Comprehensive income				
Net result for the period	6,337,772	0	0	6,337,772
Other comprehensive income	12 0	0	(7,149,718)	(7,149,718)
Total comprehensive income	6,337,772	0	(7,149,718)	(811,946)
Transfers from reserves	4 19,947,616	(19,947,616)	0	0
Transfers to reserves	4 (20,606,412)	20,606,412	0	0
<b>Balance as at 30 June 2020</b>	<b>452,276,363</b>	<b>67,506,603</b>	<b>236,318,269</b>	<b>756,101,235</b>
Adjustment to revaluation surplus	12 (5,045,508)	0	5,045,508	0
<b>Restated balance at 1 July 2020</b>	<b>447,230,855</b>	<b>67,506,603</b>	<b>241,363,777</b>	<b>756,101,235</b>
Comprehensive income				
Net result for the period	15,631,007	0	0	15,631,007
Other comprehensive income	12 0	0	(316,186)	(316,186)
Total comprehensive income	15,631,007	0	(316,186)	15,314,821
Transfers from reserves	4 13,168,229	(13,168,229)	0	0
Transfers to reserves	4 (19,217,183)	19,217,183	0	0
<b>Balance as at 30 June 2021</b>	<b>456,812,908</b>	<b>73,555,557</b>	<b>241,047,591</b>	<b>771,416,056</b>

This statement is to be read in conjunction with the accompanying notes.



**CITY OF KARRATHA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		44,184,286	43,427,852	43,663,978
Operating grants, subsidies and contributions		17,979,159	18,429,528	15,357,838
Fees and charges		39,520,222	37,545,656	39,949,453
Service charges		0	0	(1,022)
Interest received		1,058,794	1,174,577	1,997,559
Goods and services tax received		0	19,709	597,254
Other revenue		3,250,577	765,673	1,962,576
		105,993,038	101,362,995	103,527,636
<b>Payments</b>				
Employee costs		(36,706,953)	(35,931,106)	(35,694,966)
Materials and contracts		(25,246,546)	(29,444,529)	(36,305,942)
Utility charges		(6,249,037)	(6,475,307)	(6,032,628)
Interest expenses		(202,694)	(5,994)	(8,907)
Insurance paid		(1,900,845)	(1,773,981)	(1,777,732)
Goods and services tax paid		(388,574)	0	0
Other expenditure		(3,763,473)	(4,460,820)	(3,332,909)
		(74,458,122)	(78,091,737)	(83,153,084)
<b>Net cash provided by operating activities</b>	20	31,534,916	23,271,258	20,374,552
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(8,663,937)	(15,872,674)	(7,851,645)
Payments for construction of infrastructure	9(a)	(18,394,328)	(20,926,361)	(18,692,310)
Payments for development of land held for resale		0	(150,000)	0
Payments for investment properties	13	(241,203)	(125,100)	(18,000)
Non-operating grants, subsidies and contributions		4,926,429	5,523,990	5,752,377
Proceeds from financial assets at amortised cost		(3,386,374)	0	29,127,888
Proceeds from financial assets at amortised cost - self supporting loans		152,902	85,520	56,480
Proceeds on disposal of financial assets at amortised cost - loans to clubs/institutions		(3,083)	0	6,166
Payments for financial assets at amortised cost - loans to clubs/institutions		(640,750)	(3,246,000)	0
Proceeds from sale of property, plant & equipment	10(a)	732,360	1,028,200	761,990
<b>Net cash provide by (used in) investment activities</b>		(25,517,984)	(33,682,425)	9,142,946
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(229,745)	(85,520)	(83,439)
Payments for principal portion of lease liabilities	16(b)	(91,029)	0	(14,576)
<b>Net cash used in financing activities</b>		(320,774)	(85,520)	(98,015)
<b>Net increase (decrease) in cash held</b>		5,696,158	(10,496,687)	29,419,483
Cash at beginning of year		55,175,670	74,128,328	25,756,187
<b>Cash and cash equivalents at the end of the year</b>	20	60,871,828	63,631,641	55,175,670

This statement is to be read in conjunction with the accompanying notes.



**CITY OF KARRATHA**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
Restricted surplus brought forward - Pilbara Underground Power		453,046	452,483	831,611
Unrestricted surplus brought forward	28 (b)	1,700,172	5,048,682	1,896,063
Net current assets at start of financial year - surplus		2,153,218	5,501,165	2,727,674
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,150,590	1,092,924	723,888
General purpose funding		6,385,553	5,223,759	7,479,977
Law, order, public safety		714,511	590,401	866,351
Health		223,524	158,542	151,626
Education and welfare		57,672	78,000	71,752
Housing		917,274	997,756	981,339
Community amenities		11,877,589	10,443,981	11,375,966
Recreation and culture		13,497,113	16,795,946	11,435,570
Transport		25,331,811	22,813,623	23,465,074
Economic services		6,145,378	543,350	4,013,463
Other property and services		832,144	298,984	629,603
		67,133,159	59,037,266	61,194,609
<b>Expenditure from operating activities</b>				
Governance		(2,691,249)	(3,491,541)	(2,714,208)
General purpose funding		(2,062,224)	(1,465,341)	(1,416,953)
Law, order, public safety		(1,404,236)	(1,496,808)	(1,732,448)
Health		(1,037,062)	(1,152,792)	(1,119,686)
Education and welfare		(186,876)	(178,845)	(689,953)
Housing		(935,892)	(992,084)	(1,016,957)
Community amenities		(19,091,014)	(17,099,376)	(15,941,177)
Recreation and culture		(43,647,174)	(43,923,311)	(39,269,366)
Transport		(26,794,279)	(24,844,905)	(36,653,786)
Economic services		(1,895,529)	(5,463,399)	(1,924,433)
Other property and services		(779,108)	(173,035)	(246,135)
		(100,524,643)	(100,281,437)	(102,725,102)
Non-cash amounts excluded from operating activities	28(a)	16,281,196	18,865,845	19,588,068
<b>Amount attributable to operating activities</b>		(14,957,070)	(16,877,161)	(19,214,751)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	4,724,337	5,523,990	5,752,377
Proceeds from disposal of assets	10(a)	732,360	1,028,200	761,990
Proceeds from financial assets at amortised cost - self supporting loans		152,902	85,520	56,480
Payments for financial assets at amortised cost - loans to clubs/institutions		(640,750)	(3,246,000)	0
Purchase land held for resale		0	(150,000)	0
Purchase of property, plant and equipment	8(a)	(8,603,937)	(15,872,674)	(7,851,645)
Purchase and construction of infrastructure	9(a)	(18,394,328)	(20,926,361)	(18,692,310)
Purchase of investment properties	13	(241,203)	(125,100)	(18,000)
<b>Amount attributable to investing activities</b>		(22,270,619)	(33,682,425)	(19,991,108)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(229,745)	(85,520)	(83,439)
Payments for principal portion of lease liabilities	16(b)	(91,029)	0	(14,576)
Transfers to reserves (restricted assets)	4	(19,217,183)	(14,849,022)	(20,606,412)
Transfers from reserves (restricted assets)	4	13,168,229	22,552,393	19,947,616
<b>Amount attributable to financing activities</b>		(6,369,728)	7,617,851	(756,811)
<b>Deficit before imposition of general rates</b>		(43,597,417)	(42,941,735)	(39,962,670)
<b>Total amount raised from general rates</b>	27(a)	44,298,154	43,374,241	42,115,888
<b>Restricted surplus June 30 c/fwd - Pilbara Underground Power</b>	6	248,516	298,823	453,046
<b>Surplus after imposition of general rates</b>	28(b)	452,221	133,683	1,700,172

This statement is to be read in conjunction with the accompanying notes.



**CITY OF KARRATHA**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	17
Note 4	Reserves - Cash backed	18
Note 5	Other Financial Assets	20
Note 6	Trade and Other Receivables	21
Note 7	Inventories	22
Note 8	Property, Plant and Equipment	23
Note 9	Infrastructure	25
Note 10	Fixed Assets	27
Note 11	Leases	32
Note 12	Revaluation Surplus	33
Note 13	Investment Properties	34
Note 14	Trade and Other Payables	35
Note 15	Other Liabilities	35
Note 16	Lease Liabilities	36
Note 17	Information on Borrowings	37
Note 18	Employee Related Provisions	39
Note 19	Other Provisions	40
Note 20	Notes to the Statement of Cash Flows	41
Note 21	Total Assets Classified by Function and Activity	41
Note 22	Contingent Liabilities	42
Note 23	Capital Commitments	42
Note 24	Elected Members Remuneration	43
Note 25	Related Party Transactions	45
Note 26	Trading Undertakings and Major Trading Undertakings	46
Note 27	Rating Information	48
Note 28	Rate Setting Statement Information	52
Note 29	Financial Risk Management	53
Note 30	Events Occurring After the End of the Reporting Period	56
Note 31	Trust Funds	56
Note 32	Other Significant Accounting Policies	57
Note 33	Activities/Programs	58
Note 34	Financial Ratios	59

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	1,019,020	1,029,472	0
General purpose funding	2,628,058	1,403,017	3,255,647
Law, order, public safety	469,017	443,851	673,910
Health	75,417	12,542	12,543
Housing	0	0	18,000
Community amenities	96,431	35,800	195,900
Recreation and culture	8,424,710	12,669,296	7,136,121
Transport	4,366,557	3,919,182	3,363,413
Economic services	67,500	37,000	67,000
	17,146,710	19,550,160	14,722,534
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	0	748,128
Community amenities	70,000	20,000	80,000
Recreation and culture	1,789,467	3,101,055	2,786,114
Transport	2,864,870	2,402,935	2,138,135
	4,724,337	5,523,990	5,752,377
	21,871,047	25,074,150	20,474,911
<b>Fees and charges</b>			
Governance	23,227	21,132	30,863
General purpose funding	2,741,080	2,539,910	2,248,981
Law, order, public safety	99,773	79,550	88,449
Health	148,107	146,000	139,083
Education and welfare	57,672	78,000	71,752
Housing	917,274	997,756	844,233
Community amenities	11,473,246	10,228,819	11,015,823
Recreation and culture	5,049,267	4,126,290	4,282,284
Transport	18,744,434	18,776,849	19,651,765
Economic services	636,857	506,350	564,527
Other property and services	305,237	45,000	72,065
	40,196,174	37,545,656	39,009,825

During the financial year ended 30 June 2021, Council resolved at its November and December meetings of Council (Res No: 154702 & 154724) to impose the following new fees effective from 1 January 2021:

	New Fee (GST incl)	Resolution
Pam Buchanan Café - Full Kitchen Hire (commercial group) per hour	\$50.00	154702
Pam Buchanan Café - Full Kitchen Hire (commercial group) per week.	\$500.00	154702
Pam Buchanan Café - Full Kitchen Hire (community group)	50% of appl. community rate	154702
Pam Buchanan Café - Servery/Kiosk Hire (commercial group) per hour	\$24.00	154702
Pam Buchanan Café - Servery/Kiosk Hire (commercial group) per day	\$240.00	154702
Pam Buchanan Café - Servery/Kiosk Hire (Community group)	50% of appl. community rate	154702
For Profit Activities in City Parks Permit (per annum)	\$200.00	154702
Environmental Clean	Cost Plus 12.5%	154702
Karratha Airport Parker Card Issuance	\$20.00	154702
Indoor Play Centre - Special Program Sessions (up to max, per session)	\$40.00	154724

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

## 1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

### INITIAL APPLICATION OF ACCOUNTING STANDARDS

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

Operating grants, subsidies and contributions	330,463	606,249	331,103
Non-operating grants, subsidies and contributions	643,218	2,902,934	1,788,773
	973,681	3,509,183	2,119,876

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	1,558,858	0	1,806,942
Revenue from contracts with customers recognised during the year	(1,112,249)	606,249	(248,084)
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	561,018	0	238,959
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	(33,946)	2,902,934	322,059
	973,681	3,509,183	2,119,876

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:

Contract assets	691,479		0
Contract liabilities from contracts with customers	(446,609)		(1,558,858)
Financial assets held from transfers for recognisable financial assets	527,072		561,018
Grant liabilities from transfers for recognisable non financial assets	(527,072)		(561,018)

Items included in this section are only applicable to AASB15.

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021.

Assets associated with contracts with customers were not subject to an impairment charge.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	44,246,715	43,322,802	42,064,449
Service charges	0	0	(1,022)
Statutory permits and licences	349,821	341,000	315,759
Fines	4,280	8,000	4,730
	<b>44,600,816</b>	<b>43,671,802</b>	<b>42,383,916</b>

**Other revenue**

Insurance reimbursements	1,900,000	0	636,251
Fines and penalties	207,812	123,100	162,156
Other	1,142,765	642,573	1,164,169
	<b>3,250,577</b>	<b>765,673</b>	<b>1,962,576</b>

**Interest earnings**

Financial assets at amortised cost - self supporting loans	9,435	5,994	7,883
Interest on reserve funds	642,854	699,184	1,159,082
Rates instalment and penalty interest (refer Note 27(d))	252,442	383,543	456,421
Late payment of fees and charges *	60,832	42,000	24,570
Other interest earnings	93,231	43,856	349,603
	<b>1,058,794</b>	<b>1,174,577</b>	<b>1,997,559</b>

\* For the year ended 30 June 2021, Council resolved (Res No: 154625) to charge interest under section 6.13 for the late payment of any amount of money at 8%.

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	66,103	50,400	56,900
- Other services	7,200	0	0
	<b>73,303</b>	<b>50,400</b>	<b>56,900</b>

**Interest expenses (finance costs)**

Borrowings	9,435	5,994	7,883
Lease liabilities	17,221	0	1,024
Other provisions	176,038	0	0
	<b>202,694</b>	<b>5,994</b>	<b>8,907</b>

**Other expenditure**

Impairment loss on trade and other receivables	231,096	30,000	14,044
Sundry expenses	3,532,377	4,430,820	3,318,865
	<b>3,763,473</b>	<b>4,460,820</b>	<b>3,332,909</b>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

REVENUE RECOGNITION POLICY									
Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:									
Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds / Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition	
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued	
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued	
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations	
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled	

CITY OF KARRATHA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds / Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Licences/ Registrations/ Approvals	Building, planning, animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by state legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by state legislation	Apportioned equally across the inspection cycle	No refunds	Output method based on provision of service
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by state legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on provision of service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by Council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by Council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire

CITY OF KARRATHA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds / Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 40 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on provision of goods
Commissions	Commissions on ticket sales/artwork	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

CITY OF KARRATHA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
<b>Cash and Cash Equivalents</b>			
Cash at bank and on hand		60,871,828	55,175,670
<b>Total cash and cash equivalents</b>		<b>60,871,828</b>	<b>55,175,670</b>
<b>Financial Assets</b>			
Principal Amount of term deposit		16,550,052	13,163,678
<b>Total</b>		<b>77,421,880</b>	<b>68,339,348</b>
<b>Restrictions</b>			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		60,871,828	55,175,670
- Financial assets at amortised cost		16,550,052	13,163,678
		<b>77,421,880</b>	<b>68,339,348</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
<b>Reserve accounts</b>	4		
Employee Entitlement Reserve		5,293,881	5,075,016
Aerodrome Reserve		3,524,751	3,490,740
Carry Forward Budget Reserve		493,943	540,042
Community Development Reserve		626,366	912,174
Dampier Drainage Reserve		11,090	10,981
Economic Development Reserve		1,336,789	1,323,650
Infrastructure Reserve		36,292,721	25,669,325
Medical Services Assistance Package Reserve		378,476	404,535
Mosquito Control Reserve		10,098	9,999
Partnership Reserve		6,542,071	7,361,482
Plant Replacement Reserve		0	812,416
Restricted Funds Reserve		393,835	1,615,999
Walkington Theatre Reserve		0	33,315
Waste Management Reserve		18,254,991	19,854,280
Workers Compensation Reserve		396,545	392,649
		<b>73,555,557</b>	<b>67,506,603</b>
<b>Other restricted cash and cash equivalents</b>	15		
Contract liabilities from contracts with customers*		345,963	271,727
Grants for transfers for recognisable non financial assets		88,303	561,018
<b>Total restricted assets</b>		<b>73,989,823</b>	<b>68,339,348</b>
Unrestricted cash and cash equivalents		3,432,057	0
<b>Total cash and cash equivalents</b>		<b>77,421,880</b>	<b>68,339,348</b>

\*This is a reduced balance to reflect a sum of contract liabilities held in Reserve accounts.

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**4. RESERVES - CASH/FINANCIAL ASSET  
BACKED**

	2021			2021			2021			2021			2020			2020			
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
(a) Employee Entitlement Reserve	5,075,016	218,865	0	5,106,124	53,631	0	5,159,755	5,005,137	101,443	(31,564)	5,075,016	2,809,609	681,131	0	3,490,740	2,809,609	681,131	0	3,490,740
(b) Aerodrome Reserve	3,490,740	34,011	0	4,057,520	167,107	0	4,224,627	4,057,520	167,107	0	4,224,627	2,809,609	681,131	0	3,490,740	2,809,609	681,131	0	3,490,740
(c) Carry Forward Budget Reserve	540,042	0	(46,099)	515,082	0	(152,853)	362,229	515,082	0	(152,853)	362,229	552,475	0	(12,433)	540,042	552,475	0	(12,433)	540,042
(d) Community Development Reserve	912,174	8,889	(294,697)	912,088	9,580	(452,400)	469,268	912,088	9,580	(452,400)	469,268	894,049	18,125	0	912,174	894,049	18,125	0	912,174
(e) Dampier Drainage Reserve	10,981	109	0	10,979	116	0	11,095	10,979	116	0	11,095	10,763	218	0	10,981	10,763	218	0	10,981
(f) Economic Development Reserve	1,323,650	13,139	0	1,323,527	13,902	(487,297)	850,132	1,323,527	13,902	(487,297)	850,132	1,297,350	26,300	0	1,323,650	1,297,350	26,300	0	1,323,650
(g) Infrastructure Reserve	25,669,325	14,115,922	(3,492,526)	26,155,436	4,476,620	(11,477,919)	19,154,137	26,155,436	4,476,620	(11,477,919)	19,154,137	22,636,683	15,236,928	(12,204,286)	25,669,325	22,636,683	15,236,928	(12,204,286)	25,669,325
(h) Medical Services Assistance Package Reserve	404,535	4,014	(30,073)	404,496	4,246	0	408,742	404,496	4,246	0	408,742	396,497	8,038	0	404,535	396,497	8,038	0	404,535
(i) Mosquito Control Reserve	9,999	99	0	10,043	105	0	10,148	10,043	105	0	10,148	9,285	714	0	9,999	9,285	714	0	9,999
(j) Partnership Reserve	7,361,482	4,612,090	(5,431,501)	8,013,640	9,910,308	(7,057,767)	10,866,181	8,013,640	9,910,308	(7,057,767)	10,866,181	9,945,792	4,099,797	(6,684,107)	7,361,482	9,945,792	4,099,797	(6,684,107)	7,361,482
(k) Plant Replacement Reserve	812,416	8,063	(820,479)	809,389	1,362	0	810,751	809,389	1,362	0	810,751	859,178	17,278	(64,040)	812,416	859,178	17,278	(64,040)	812,416
(l) Restricted Funds Reserve	1,615,999	0	(1,222,164)	1,763,835	0	(1,370,000)	393,835	1,763,835	0	(1,370,000)	393,835	1,893,835	0	(277,836)	1,615,999	1,893,835	0	(277,836)	1,615,999
(m) Walkington Theatre Reserve	33,315	331	(33,646)	33,313	348	0	33,661	33,313	348	0	33,661	32,653	662	0	33,315	32,653	662	0	33,315
(n) Waste Management Reserve	19,854,280	197,755	(1,797,044)	20,561,758	207,572	(1,554,157)	19,215,173	20,561,758	207,572	(1,554,157)	19,215,173	20,119,654	407,976	(673,350)	19,854,280	20,119,654	407,976	(673,350)	19,854,280
(o) Workers Compensation Reserve	392,649	3,896	0	392,613	4,125	0	396,738	392,613	4,125	0	396,738	384,847	7,802	0	392,649	384,847	7,802	0	392,649
	67,506,603	19,217,183	(13,168,229)	70,069,843	14,849,022	(22,552,393)	62,366,472	70,069,843	14,849,022	(22,552,393)	62,366,472	66,847,807	20,606,412	(19,947,616)	67,506,603	66,847,807	20,606,412	(19,947,616)	67,506,603

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**4. RESERVES - CASH/FINANCIAL ASSET BACKED (cont.)**

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Employee Entitlement Reserve	Ongoing	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration, thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(b) Aerodrome Reserve	Ongoing	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
(c) Carry Forward Budget Reserve	Ongoing	This reserve is for the purpose of preserving projects funds carried over.
(d) Community Development Reserve	Ongoing	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
(e) Dampier Drainage Reserve	Ongoing	This reserve is maintained as part of an agreement between the City and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the City each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
(f) Economic Development Reserve	Ongoing	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
(g) Infrastructure Reserve	Ongoing	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the City but must be carried out for the benefit of the City.
(h) Medical Services Assistance Package Reserve	Ongoing	The purpose of this reserve is to fund future assistance to Medical Services in accordance with the City's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
(i) Mosquito Control Reserve	Ongoing	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(j) Partnership Reserve	Ongoing	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the City and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the Partnership and restrict the funds for the purpose of each funding agreements.
(k) Plant Replacement Reserve	2021	The purposes of this reserve is to fund the capital purchase of plant and equipment.
(l) Restricted Funds Reserve	Ongoing	This reserve is for the purpose of holding Unexpended or Prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
(m) Walkington Theatre Reserve	2021	The purpose of this reserve is to fund the operation and capital works of the Walkington Theatre.
(n) Waste Management Reserve	Ongoing	The purpose of this reserve is to fund development, operation and maintenance of the City's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.
(o) Workers Compensation Reserve	Ongoing	The purpose of this reserve is to provide City with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member. Funds within the reserve that become surplus to requirements will be transferred to the City's Employee Entitlements Reserve via way of the City's Annual Budget.

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost

#### Other financial assets at amortised cost

Term deposits

Self supporting loans

Loans receivable - clubs/institutions

### (b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

#### Financial assets at amortised cost

Self supporting loans

Loans receivable - clubs/institutions

#### Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	16,569,589	13,163,678
	<u>16,569,589</u>	<u>13,163,678</u>
	16,550,052	13,163,678
	16,454	0
	3,083	0
	<u>16,569,589</u>	<u>13,163,678</u>
	671,084	199,690
	<u>129,162</u>	<u>122,620</u>
	800,246	322,310
	15,470	184,826
	655,614	14,864
	<u>671,084</u>	<u>199,690</u>
	129,162	122,620
	<u>129,162</u>	<u>122,620</u>

Where loans receivable from clubs/institutions are self supporting, the loan receivable has the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

### SIGNIFICANT ACCOUNTING POLICIES

#### Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

#### Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

#### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	1,521,605	1,407,505
Trade and other receivables	5,935,753	8,407,718
GST receivable	480,236	91,662
Allowance for impairment of receivables from contracts with customers	(2,002,015)	(1,768,054)
Accrued Income	2,517,220	1,935,423
Prepayments	396,199	177,765
	<b>8,848,998</b>	<b>10,252,019</b>

### Non-current

Service Charge	248,516	453,046
Trade and other receivables	150,000	0
	<b>398,516</b>	<b>453,046</b>

	2021	2020
	\$	\$
	1,521,605	1,407,505
	5,935,753	8,407,718
	480,236	91,662
	(2,002,015)	(1,768,054)
	2,517,220	1,935,423
	396,199	177,765
	<b>8,848,998</b>	<b>10,252,019</b>
	248,516	453,046
	150,000	0
	<b>398,516</b>	<b>453,046</b>

### Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period	1,768,054	1,347,908
Expected credit losses expense	465,058	434,427
Amounts written off during the period	(231,097)	(14,281)
<b>Balance at end of period</b>	<b>2,002,015</b>	<b>1,768,054</b>

	1,768,054	1,347,908
	465,058	434,427
	(231,097)	(14,281)
	<b>2,002,015</b>	<b>1,768,054</b>

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 40 days.

### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

### Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## 7. INVENTORIES

### Current

Fuel and materials	361,034	383,479
Corporate Uniform	22,885	32,626
Food, drinks & merchandise Roebourne Aquatic Centre	152	230
Food, drinks & merchandise Indoor Play Centre	4,440	2,825
Food, drinks & merchandise Wickham Recreation Precinct	1,916	1,132
Food, drinks & merchandise Karratha Leisureplex	2,562	2,767
Food, drinks & merchandise Red Earth Arts Precinct	21,458	16,317
Food, drinks & merchandise Karratha Visitor Centre	14,453	13,200
Land held for resale - cost		
Cost of acquisition	370,130	35,893
Development costs	519,728	0
	<b>1,318,758</b>	<b>488,469</b>

### Non-current

Land held for resale - cost		
Cost of acquisition	93,370	488,358
	<b>93,370</b>	<b>488,358</b>

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	976,827	899,716
Inventories expensed during the year	(1,482,101)	(1,394,688)
Additions to inventory	1,917,402	1,471,799
<b>Balance at end of year</b>	<b>1,412,128</b>	<b>976,827</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

#### Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant	Equipment	Artwork & Sculptures	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	10,895,316	232,753,558	243,648,874	2,726,904	8,476,352	438,370	1,908,577	815,932	258,015,009
Additions	0	4,976,409	4,976,409	723,721	2,104,012	22,971	353,858	(329,326)	7,851,645
(Disposals)	(61,074)	(1,004,274)	(1,065,348)	(16,110)	(690,877)	(1,287)	(19,199)	0	(1,792,821)
Revaluation decrements transferred to revaluation surplus	0	(6,060,544)	(6,060,544)	0	0	0	0	0	(6,060,544)
Depreciation (expense)	0	(5,340,661)	(5,340,661)	(533,766)	(716,067)	(96,519)	(42,297)	0	(6,729,310)
Transfers	(470,000)	0	(470,000)	0	0	0	0	0	(470,000)
<b>Balance at 30 June 2020</b>	10,364,242	225,324,488	235,688,730	2,900,749	9,173,420	363,535	2,200,939	486,606	250,813,979
<b>Comprises:</b>									
Gross balance amount at 30 June 2020	10,364,242	264,497,467	274,861,709	3,432,041	9,864,785	454,429	2,279,880	486,606	291,379,450
Accumulated depreciation at 30 June 2020	0	(31,254,901)	(31,254,901)	(531,292)	(691,365)	(90,894)	(78,941)	0	(32,647,393)
Accumulated impairment loss at 30 June 2020	0	(7,918,078)	(7,918,078)	0	0	0	0	0	(7,918,078)
<b>Balance at 30 June 2020</b>	10,364,242	225,324,488	235,688,730	2,900,749	9,173,420	363,535	2,200,939	486,606	250,813,979
Additions	359,738	1,398,360	1,758,098	1,200,073	4,194,849	615,175	77,740	758,002	8,603,937
(Disposals)	0	(41,740)	(41,740)	(59,885)	(964,925)	(15,719)	0	0	(1,082,269)
Revaluation decrements transferred to revaluation surplus	0	(107,690)	(107,690)	0	0	0	0	0	(107,690)
Depreciation (expense)	0	(5,270,124)	(5,270,124)	(634,328)	(1,288,166)	(201,550)	(46,249)	0	(7,440,417)
Transfers	0	18,000	18,000	(1,960)	0	1,960	0	(18,000)	0
<b>Balance at 30 June 2021</b>	10,723,980	221,321,294	232,045,274	3,404,649	11,115,178	763,401	2,232,430	1,226,608	250,787,540
<b>Comprises:</b>									
Gross balance amount at 30 June 2021	10,723,980	265,107,847	275,831,827	4,545,510	12,951,970	1,035,142	2,357,621	1,226,608	297,948,678
Accumulated depreciation at 30 June 2021	0	(35,868,475)	(35,868,475)	(1,140,861)	(1,836,792)	(271,741)	(125,191)	0	(39,243,060)
Accumulated impairment loss at 30 June 2021	0	(7,918,078)	(7,918,078)	0	0	0	0	0	(7,918,078)
<b>Balance at 30 June 2021</b>	10,723,980	221,321,294	232,045,274	3,404,649	11,115,178	763,401	2,232,430	1,226,608	250,787,540

CITY OF KARRATHA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Land and buildings					
Land	2	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Comparable market values
Buildings	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2017	Replacement cost and remaining estimated useful life
Artwork & Sculptures	3	Market and Cost Approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Current condition and comparable market values achieved at auction houses and contact with artists

**(ii) Cost**

Furniture and equipment  
 Plant and equipment  
 Equipment

Cost  
 Cost  
 Cost

Purchase cost  
 Purchase cost  
 Purchase cost

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**9. INFRASTRUCTURE**

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Recreation and Open Space	Infrastructure - Aerodromes	Infrastructure - Miscellaneous Structures	Works in Progress	Landfill Post Closure Asset	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	224,861,773	39,343,121	18,198,582	50,914,177	61,343,914	8,218,217	8,516,495	0	411,396,279
Additions	7,697,910	3,236,315	1,324,772	9,947,202	837,368	868,685	(5,219,942)	13,846,825	32,539,135
(Disposals)	(1,830,170)	(252,373)	(67,263)	(159,358)	0	0	0	0	(2,309,164)
Revaluation decrements transferred to revaluation surplus	(1,076,202)	0	(12,972)	0	0	0	0	0	(1,089,174)
Depreciation (expense)	(6,982,006)	(759,155)	(475,154)	(3,014,204)	(2,066,292)	(415,393)	0	0	(13,712,204)
<b>Balance at 30 June 2020</b>	222,671,305	41,567,908	18,967,965	57,687,817	60,114,990	8,671,509	3,296,553	13,846,825	426,824,872
<b>Comprises:</b>									
Gross balance at 30 June 2020	269,263,844	55,390,925	24,012,657	78,836,393	83,271,249	14,523,221	3,296,553	13,846,825	542,441,667
Accumulated depreciation at 30 June 2020	(46,592,539)	(13,823,017)	(5,044,692)	(21,148,576)	(23,156,259)	(5,851,712)	0	0	(115,616,795)
<b>Balance at 30 June 2020</b>	222,671,305	41,567,908	18,967,965	57,687,817	60,114,990	8,671,509	3,296,553	13,846,825	426,824,872
<b>Additions</b>	1,707,184	978,142	401,674	6,006,874	198,829	112,795	8,988,830	0	18,394,328
(Disposals)	(22,703)	(6,279)	(3,037)	(20,741)	(967)	0	0	0	(53,727)
Revaluation decrements transferred to revaluation surplus*	(195,510)	0	0	(12,986)	0	0	0	0	(208,496)
Depreciation (expense)	(4,791,126)	(778,847)	(321,063)	(3,637,311)	(2,061,521)	(426,140)	0	(1,730,853)	(13,746,861)
<b>Balance at 30 June 2021</b>	219,369,150	41,760,924	19,045,539	60,023,653	58,251,331	8,358,164	12,285,383	12,115,972	431,210,116
<b>Comprises:</b>									
Gross balance at 30 June 2021	270,486,438	56,360,022	24,409,831	84,764,789	83,468,579	14,636,016	12,285,383	13,846,825	560,257,883
Accumulated depreciation at 30 June 2021	(51,117,288)	(14,599,098)	(5,364,292)	(24,741,136)	(25,217,248)	(6,277,852)	0	(1,730,853)	(129,047,767)
<b>Balance at 30 June 2021</b>	219,369,150	41,760,924	19,045,539	60,023,653	58,251,331	8,358,164	12,285,383	12,115,972	431,210,116

\*The revaluation surplus was used to write off assets removed in Andover Park and Bayly Ave realignment project and no longer functional.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>(i) Fair Value</b>	<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
	<b>Infrastructure - Roads</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Infrastructure - Footpaths</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Infrastructure - Drainage</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Infrastructure - Parks, Recreation and Open Space</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Infrastructure - Aerodromes</b>	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Infrastructure - Miscellaneous Structures</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Landfill Post Closure Asset</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2020	Price per metre, square metre, unit.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

The initial recognition of the landfill asset was based on the restoration, rehabilitation and site monitoring costs of the landfill. The City's landfill asset is considered to be of a specialised nature (non-market type assets which are not readily traded in the market place), such assets are valued by suitably experienced management personnel or independent qualified practitioners. The depreciation of the asset is based upon its useful life. All inputs require extensive professional judgement. Therefore, the City's landfill asset was classified as having been valued using Level 3 valuation inputs.

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Revaluation (Continued)

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

#### Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

#### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**10. FIXED ASSETS**

**(a) Disposals of Assets**

	2021			2021			2021			2020			2020		
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit Loss
Land - freehold land	0	0	0	0	0	0	61,074	102,430	41,356	0	0	0	0	0	0
Buildings	41,740	0	(41,740)	0	0	0	1,004,274	192,570	77,750	0	0	0	0	0	(889,454)
Furniture and equipment	59,885	0	(59,885)	0	0	0	16,110	0	0	0	0	0	0	0	(16,110)
Plant	964,925	716,239	26,259	1,243,783	994,200	1,200	690,877	466,790	2,095	0	(250,783)	0	0	0	(226,182)
Equipment	15,719	16,121	9,242	56,000	34,000	0	1,287	200	0	0	(22,000)	0	0	0	(1,087)
Artwork & Sculptures	0	0	0	0	0	0	19,199	0	0	0	0	0	0	0	(19,199)
Infrastructure - Roads	22,703	0	(22,703)	0	0	0	1,830,170	0	0	0	0	0	0	0	(1,830,170)
Infrastructure - Footpaths	6,279	0	(6,279)	0	0	0	252,373	0	0	0	0	0	0	0	(252,373)
Infrastructure - Drainage	3,037	0	(3,037)	0	0	0	67,263	0	0	0	0	0	0	0	(67,263)
Infrastructure - Parks, Recreation and Open Space	20,741	0	(20,741)	0	0	0	159,358	0	0	0	0	0	0	0	(159,358)
Infrastructure - Aerodromes	967	0	(967)	0	0	0	0	0	0	0	0	0	0	0	0
	1,135,996	732,360	35,501	1,299,783	1,028,200	1,200	4,101,985	761,990	121,201	(272,783)	0	0	0	0	(3,461,196)

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**10. FIXED ASSETS**

**(a) Disposals of Assets**

The following assets were disposed of during the year.

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
<b>Buildings</b>				
<b>Health</b>				
BC000003 - 10 Hedland Place	1,204	0	0	(1,204)
<b>Education &amp; Welfare</b>				
BC000005 - Bulgarr Daycare Early Learning Centre	3,098	0	0	(3,098)
BC000006 - Millars Well Early Learning Centre	10	0	0	(10)
<b>Recreation &amp; Culture</b>				
BC000011 - Pegs Creek Pavilion	115	0	0	(115)
BC000104 - Dampier Pavilion Hampton Oval	7,807	0	0	(7,807)
<b>Transport</b>				
BC000039 - Karratha Depot Store	120	0	0	(120)
<b>Community Amenities</b>				
BC000101 - Point Samson Foreshore Toilet Block	4,212	0	0	(4,212)
<b>Housing</b>				
SH000001 - 53 Andover Way	4,602	0	0	(4,602)
SH000016 - 5 Kwong Close	6,039	0	0	(6,039)
SH000025 - 8 Mcrae Court	6,723	0	0	(6,723)
SH000080 - 2A Echidna Road	781	0	0	(781)
SH000082 - 2B Echidna Road	781	0	0	(781)
SH000086 - 39 Marniyarra Loop	781	0	0	(781)
SH000090 - 33 Marniyarra Loop	781	0	0	(781)
SH000092 - 31 Marniyarra Loop	781	0	0	(781)
SH000094 - 14 Winyama Rd	781	0	0	(781)
SH000096 - 16 Winyama Road	781	0	0	(781)
SH000098 - 18 Winyama Road	781	0	0	(781)
SH000100 - 11A Withnell Way	781	0	0	(781)
SH000102 - 11B Withnell Way	781	0	0	(781)
	41,740	0	0	(41,740)
<b>Furniture and Equipment</b>				
<b>Recreation and culture</b>				
30001726 - Red Earth Arts Precinct Fitout - Furniture	1,440	0	0	(1,440)
30001361 - Group Fitness Sound System & Trolley	265	0	0	(265)
30001241 - Life Fitness Classic Cross Trainer	0	0	0	0
30001242 - Life Fitness Classic Cross Trainer	0	0	0	0
30001447 - Chairs	2,928	0	0	(2,928)
30001586 - Inflatable Laser Tag Bunkers	7,178	0	0	(7,178)
<b>Transport</b>				
20000667 - X-ray System & screening equipment	8,197	0	0	(8,197)
30001674 - PAX Screening Equipment	39,857	0	0	(39,857)
	59,885	0	0	(59,885)

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
<b>Community Amenities</b>				
40000541 - P8017 Bomag Landfill Compactor	168,911	40,000	0	(128,911)
40000540 - P8016 Komatsu 6 Wheel Loader	93,223	62,726	0	(30,497)
<b>Finance &amp; Borrowing</b>				
40000545 - P2055 Toyota Prado	32,840	35,000	2,160	0
40000561 - P1078 2015 Toyota Prado GXL	33,484	36,500	3,016	0
40000512 - P2040 Toyota Corolla	8,142	10,000	1,858	0
<b>Health</b>				
40000538 - P2041 Toyota Hilux 4x4 SR Turbo Diesel	20,110	18,250	0	(1,860)
<b>Law, Order, Public Safety</b>				
40000547 - P1079 Toyota Hilux 4x4 3.0L	20,635	22,000	1,365	0
<b>Other Property &amp; Services</b>				
40000429 - P7502 Amazone Ground Keeper	4,763	2,727	0	(2,036)
40000543 - P7007 Kubota Zero Turn Mower	5,797	0	0	(5,797)
40000542 - P1076 Toyota Hiace 3.0L	21,119	21,250	131	0
40000548 - P2057 2014 Holden Colorado LX 4x4	16,200	16,000	0	(200)
40000567 - P2052 2015 Holden Colorado LS	15,898	16,400	502	0
40000562 - P2053 2015 Toyota Hiace Turbo Diesel	19,699	20,800	1,101	0
40000557 - P1077 Toyota Hilux SR 4x4 Dualcab	20,596	22,000	1,404	0
40000558 - P2050 2014 Holden Colorado LX 4x4	14,357	19,250	4,893	0
40000590 - P2063 2016 Holden Colorado LS 4x4	19,175	16,250	0	(2,925)
40000533 - P2045 Holden Colorado LX 4X2	11,170	14,500	3,330	0
40000535 - P2043 Holden Colorado LX 4X4	14,113	17,250	3,137	0
40000576 - P2060 2015 Holden Colorado LS	20,777	21,500	723	0
<b>Recreation and culture</b>				
40000586 - P1081 2015 Subaru Forester	19,815	18,750	0	(1,065)
40000569 - P1082 Holden Colorado 4x2 LS	16,699	15,450	0	(1,249)
40000524 - P1072 Holden Colorado 4x2 Crew Cab	11,770	14,000	2,230	0
40000531 - P1069 Toyota Hilux 4X2	14,591	15,000	409	0
<b>Transport</b>				
40000425 - P8815 Mack Granite 6x4 Prime Mover	75,185	68,636	0	(6,549)
40000488 - P8014 Komatsu Grader	148,092	105,000	0	(43,092)
40000363 - P8806 Fuso 6x4 Single Cab	107,186	57,727	0	(49,459)
40000377 - P8007 Cat 2500Kg Diesel Forklift	10,578	9,273	0	(1,305)
	964,925	716,239	26,259	(274,945)

CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(a) Disposals of Assets

The following assets were disposed of during the year.

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
<b>Equipment</b>				
<b>Recreation and culture</b>				
30001641 - Pool Inflatable Western	1,344	0	0	(1,344)
20000565 - P5018 Camcore 30 walk behind lawn corer	524	850	326	0
20000619 - Buccaneer Assault Aqua Run	0	0	0	0
20000614 - Dolphin Wave Pool Cleaner	0	0	0	0
20000570 - Western Pool Inflatable	0	0	0	0
20000709 - Pool Cleaner icleaner	1,786	0	0	(1,786)
20000687 - Climb & Slide Aqua Run	113	0	0	(113)
20000648 - P7505 Sandman 850 Sand Cleaner	2,547	909	0	(1,638)
20000676 - Dolphin Wave 300 pool cleaner	520	0	0	(520)
20000671 - P4058 Temant Model T16 Ride-On Power Scrubber	5,646	2,727	0	(2,919)
20000675 - Dolphin Wave 300 pool cleaner	520	0	0	(520)
20000632 - Wave 300 Pool Cleaner 50m	0	0	0	0
<b>Transport</b>				
20000636 - P7506 Mega Taurus Mulcher	1,895	6,455	4,560	0
20000655 - P7508 Jarrett Ehd360G Slasher	824	5,180	4,356	0
	15,719	16,121	9,242	(8,840)

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
<b>Infrastructure - Roads</b>				
<b>Transport</b>				
Various Kerbs - Welcome Road	10,381	0	0	(10,381)
Road Barrier - Nairn Street	850	0	0	(850)
Kerb - Tambrey Drive	10,216	0	0	(10,216)
Kerb - Hedland Place	1,256	0	0	(1,256)
	22,703	0	0	(22,703)
<b>Infrastructure - Footpaths</b>				
<b>Transport</b>				
Various Footpaths - Welcome Road	3,368	0	0	(3,368)
Various Footpaths - Bayview Road	820	0	0	(820)
Footpath - Tambrey Drive	2,040	0	0	(2,040)
Footpath - Hedland Place	51	0	0	(51)
	6,279	0	0	(6,279)
<b>Infrastructure - Drainage</b>				
<b>Transport</b>				
CL0032 - Culvert - Millstream Road	3,037	0	0	(3,037)
	3,037	0	0	(3,037)
<b>Infrastructure - Parks, Recreation and Open Space</b>				
<b>Recreation &amp; Culture</b>				
PK000001 - Andover Way Park	2,184	0	0	(2,184)
Floodlights - Kevin Richards Oval	17,012	0	0	(17,012)
PF001278 - Andover Way Park - Picnic Bench	1,545	0	0	(1,545)
	20,741	0	0	(20,741)
<b>Infrastructure - Aerodromes</b>				
<b>Transport</b>				
FENCE036 - Karratha Airport - Perimeter Fence	967	0	0	(967)
	967	0	0	(967)
<b>Total Disposals</b>	1,135,996	732,360	35,501	(439,137)

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. FIXED ASSETS**

**(b) Depreciation**

Buildings
Furniture and equipment
Plant
Equipment
Artwork & Sculptures
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks, Recreation and Open Space
Infrastructure - Aerodromes
Infrastructure - Miscellaneous Structures
Landfill Post Closure Asset
Right-of-use assets - Buildings

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings	5,270,124	5,288,646	5,340,661
Furniture and equipment	634,328	509,333	533,766
Plant	1,288,166	1,264,618	716,067
Equipment	201,550	93,629	96,519
Artwork & Sculptures	46,249	39,794	42,297
Infrastructure - Roads	4,791,126	6,863,355	6,982,006
Infrastructure - Footpaths	778,847	1,609,424	759,155
Infrastructure - Drainage	321,063	693,219	475,154
Infrastructure - Parks, Recreation and Open Space	3,637,311	1,644,910	3,014,204
Infrastructure - Aerodromes	2,061,521	513,040	2,066,292
Infrastructure - Miscellaneous Structures	426,140	74,294	415,393
Landfill Post Closure Asset	1,730,853	0	0
Right-of-use assets - Buildings	117,726	0	14,969
	<b>21,305,004</b>	<b>18,594,262</b>	<b>20,456,483</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Artworks	50 years
Buildings	10 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	2 to 15 years
Infrastructure	
- Roads	12 to 80 years
- Pathways and Cycleways	10 to 80 years
- Aerodrome Assets	10 to 80 years
- Park Developments	15 to 30 years
- Bridges	60 years
- Drains and Stormwater Network	40 to 80 years
- Miscellaneous Structures	15 to 100 years
- Boat Ramps/ Jetties	25 years
- Lighting	15 to 20 years
Right of use	Based on the remaining lease period
Landfill Post Closure Asset	Based on open landfill cells (currently 9 years)

**Depreciation on revaluation**

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (a) The gross carrying amount is adjusted in a manner that of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**11. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - Buildings	Right-of-use assets Total
	\$	
<b>Balance at 1 July 2019</b>	42,405	42,405
Depreciation (expense)	(14,969)	(14,969)
<b>Balance at 30 June 2020</b>	27,436	27,436
Additions	1,496,087	1,496,087
Depreciation (expense)	(117,726)	(117,726)
<b>Balance at 30 June 2021</b>	1,405,797	1,405,797

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(117,726)	(14,969)
Interest expense on lease liabilities	(17,221)	(1,024)
<b>Total amount recognised in the statement of comprehensive income</b>	(134,947)	(15,993)
Total cash outflow from leases	(108,250)	(15,600)

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

**Right-of-use assets - valuation**

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position).

The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF KARRATHA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

12. REVALUATION SURPLUS

	2021		2021		2021		2020		2020		2020		2020					
	Opening Balance	Adjustment to Revaluation surplus*	Revaluation (Decrement)**	Revaluation	Movement on Revaluation	Closing Balance	Opening Balance	Change in Accounting Policy	Revaluation (Decrement)	Revaluation	Movement on Revaluation	Closing Balance	Opening Balance	Change in Accounting Policy	Revaluation (Decrement)	Revaluation	Movement on Revaluation	Closing Balance
Revaluation surplus - Land - freehold land	5,871,847	(526,451)	0	0	0	5,345,396	5,871,847	0	0	0	0	5,871,847	5,871,847	0	0	0	0	5,871,847
Revaluation surplus - Land and buildings leased	0	0	0	0	0	0	555,000	(555,000)	0	0	0	0	555,000	(555,000)	0	0	0	0
Revaluation surplus - Buildings	11,427,957	(1,607,014)	(107,690)	(107,690)	(107,690)	9,713,253	17,484,855	3,646	(6,060,544)	(6,060,544)	(6,060,544)	11,427,957	17,484,855	3,646	(6,060,544)	(6,060,544)	(6,060,544)	11,427,957
Revaluation surplus - Plant	196,222	(177,204)	0	0	0	19,018	196,222	0	0	0	0	196,222	196,222	0	0	0	0	196,222
Revaluation surplus - Equipment	16,825	30,423	0	0	0	47,248	16,825	0	0	0	0	16,825	16,825	0	0	0	0	16,825
Revaluation surplus - Artwork & Sculptures	47,998	(1)	0	0	0	47,997	47,998	0	0	0	0	47,998	47,998	0	0	0	0	47,998
Revaluation surplus - Infrastructure - Roads	146,984,331	474,968	(195,510)	(195,510)	(195,510)	147,263,789	148,060,533	0	(1,076,202)	(1,076,202)	(1,076,202)	146,984,331	148,060,533	0	(1,076,202)	(1,076,202)	(1,076,202)	146,984,331
Revaluation surplus - Infrastructure - Footpaths	30,722,547	4,875,643	0	0	0	35,598,190	30,637,280	85,267	0	0	0	30,722,547	30,637,280	85,267	0	0	0	30,722,547
Revaluation surplus - Infrastructure - Drainage	16,034,686	1,607,369	0	0	0	17,642,055	16,047,658	0	(12,972)	(12,972)	(12,972)	16,034,686	16,047,658	0	(12,972)	(12,972)	(12,972)	16,034,686
Revaluation surplus - Infrastructure - Parks, Recreation and Open Space	6,601,209	(896,707)	(12,986)	(12,986)	(12,986)	5,691,516	5,886,099	715,110	0	0	0	6,601,209	5,886,099	715,110	0	0	0	6,601,209
Revaluation surplus - Infrastructure - Aerodromes	17,008,351	207,369	0	0	0	17,215,720	17,008,351	0	0	0	0	17,008,351	17,008,351	0	0	0	0	17,008,351
Revaluation surplus - Infrastructure - Miscellaneous Structures	1,406,296	1,057,113	0	0	0	2,463,409	1,406,296	297,021	(7,149,718)	(7,149,718)	(7,149,718)	1,406,296	1,406,296	297,021	(7,149,718)	(7,149,718)	(7,149,718)	1,406,296
	236,318,269	5,045,508	(316,186)	(316,186)	(316,186)	241,047,591	243,170,966	297,021	(7,149,718)	(7,149,718)	(7,149,718)	236,318,269	243,170,966	297,021	(7,149,718)	(7,149,718)	(7,149,718)	236,318,269

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

\* A reconciliation was undertaken in 2021 to review all assets values held in the revaluation surplus, as a result the balance relating to all obsolete assets was cleared from the surplus.

\*\* The revaluation surplus was used to write off assets removed as part of the Andover Park project as they were no longer functional.

### 13. INVESTMENT PROPERTIES

#### Non-current assets - at fair value

Carrying balance at 1 July
Acquisitions
Transfers
Net gain/(loss) from fair value adjustment
Closing balance at 30 June

2021 Actual	2021 Budget	2020 Actual
\$	\$	\$
25,619,936	21,872,620	21,750,000
241,203	125,100	18,000
0	0	470,000
5,438,861	0	3,381,936
<b>31,300,000</b>	<b>21,997,720</b>	<b>25,619,936</b>

#### Amounts recognised in profit or loss for investment properties

Rental income
Direct operating expenses from property that generated rental income
Fair value gain recognised in other income

3,161,328	2,615,596	2,617,127
(1,798,627)	(1,242,420)	(1,420,975)
5,438,861	0	3,381,936

#### Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year
Later than one year but not later than 5 years
Later than 5 years

1,994,883	2,615,596	2,145,061
6,392,072	11,050,614	7,003,937
5,619,196	2,916,253	7,002,214
<b>14,006,151</b>	<b>16,582,463</b>	<b>16,151,212</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

#### Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

#### 14. TRADE AND OTHER PAYABLES

##### Current

Sundry creditors
Prepaid rates
Income Received in Advance
Accrued salaries and wages
Other Liabilities
Retention Monies
Accrued Expenses

2021	2020
\$	\$
8,131,863	3,840,068
470,420	572,336
840,421	738,273
731,726	441,947
367,526	320,945
371,758	245,586
209,886	36,151
<b>11,123,600</b>	<b>6,195,306</b>

##### SIGNIFICANT ACCOUNTING POLICIES

###### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

###### Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

#### 15. OTHER LIABILITIES

##### Current

Contract liabilities from contracts with customers
Contract liabilities from transfers for recognisable non financial assets

##### Restrictions

Municipal funded - Contract liabilities from contracts with customers
Reserve funded - Contract liabilities from contracts with customers
Municipal funded - Contract liabilities from transfers for recognisable non financial assets
Reserve funded - Contract liabilities from transfers for recognisable non financial assets

2021	2020
\$	\$
446,609	1,558,858
527,072	561,018
<b>973,681</b>	<b>2,119,876</b>
345,963	271,727
100,646	1,287,131
88,303	561,018
438,769	0
<b>973,681</b>	<b>2,119,876</b>

##### SIGNIFICANT ACCOUNTING POLICIES

###### Contract liabilities

Contract liabilities represent the the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

###### Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

###### Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the City.

They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.



**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**17. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2021	2020
	\$	\$
Current	16,416	85,520
Non-current	16,853	177,494
	33,269	263,014

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution *	Interest Rate	30 June 2021																	
				Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest
<b>Self Supporting Loans</b>																					
<b>General purpose funding</b>																					
Karratha Country Club	1	WATC	2.44%	213,756	(8,345)	(213,756)	(8,345)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Karratha RSL	100	WATC	2.65%	49,258	(1,090)	(15,989)	(1,090)	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269
				263,014	(9,435)	(229,745)	(9,435)	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269
				263,014	(9,435)	(229,745)	(9,435)	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269
				213,757	(69,531)	(69,531)	(4,794)	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226	144,226
				49,258	(1,200)	(15,989)	(1,200)	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269	33,269
				263,015	(5,994)	(85,520)	(5,994)	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495
				263,015	(5,994)	(85,520)	(5,994)	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495	177,495
				281,622	(67,866)	(67,866)	(6,302)	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756	213,756
				64,831	(1,581)	(15,573)	(1,581)	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258	49,258
				346,453	(7,883)	(83,439)	(7,883)	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014
				346,453	(7,883)	(83,439)	(7,883)	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014	263,014

\* Western Australian Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

17. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	110,000	106,000
Credit card balance at balance date	0	(2,550)
<b>Total amount of credit unused</b>	<b>1,110,000</b>	<b>1,103,450</b>
<b>Loan facilities</b>		
Loan facilities - current	16,416	85,520
Loan facilities - non-current	16,853	177,494
Lease liabilities - current	145,406	14,998
Lease liabilities - non-current	1,227,481	12,831
<b>Total facilities in use at balance date</b>	<b>1,406,156</b>	<b>290,843</b>
<b>Unused loan facilities at balance date</b>	<b>0</b>	<b>0</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Borrowing costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset as the asset is substantially ready for its intended use or sale.

**Risk**

Information regarding exposure to risk can be found at Note 29.

## 18. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2020

Current provisions  
 Non-current provisions

Additional provision  
 Amounts used

#### Balance at 30 June 2021

#### Comprises

Current  
 Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	2,697,341	1,921,267	4,618,608
Non-current provisions	0	457,080	457,080
	<u>2,697,341</u>	<u>2,378,347</u>	<u>5,075,688</u>
Additional provision	3,311,980	296,478	3,608,458
Amounts used	(3,153,214)	(237,051)	(3,390,265)
Balance at 30 June 2021	<u>2,856,107</u>	<u>2,437,774</u>	<u>5,293,881</u>
Comprises			
Current	2,856,107	1,963,930	4,820,037
Non-current	0	473,844	473,844
	<u>2,856,107</u>	<u>2,437,774</u>	<u>5,293,881</u>

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
 More than 12 months from reporting date  
 Expected reimbursements from other WA local governments  
 Expected reimbursements to other WA local governments

	2021 \$	2020 \$
Less than 12 months after the reporting date	4,715,477	4,614,941
More than 12 months from reporting date	589,766	458,424
Expected reimbursements from other WA local governments	(115,922)	(97,746)
Expected reimbursements to other WA local governments	104,560	100,069
	<u>5,293,881</u>	<u>5,075,688</u>

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

#### Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

#### Other long-term employee benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates

#### Other long-term employee benefits (Continued)

determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

#### Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

19. OTHER PROVISIONS

	Provision for remediation costs \$	Provision for make good cost \$	Total \$
Opening balance at 1 July 2019	0	0	0
Additional provision	13,846,825	0	13,846,825
<b>Balance at 30 June 2020</b>	<b>13,846,825</b>	<b>0</b>	<b>13,846,825</b>
Additional provision	48,647	60,000	108,647
Unwinding discount	127,391	0	127,391
<b>Balance at 30 June 2021</b>	<b>14,022,863</b>	<b>60,000</b>	<b>27,929,688</b>
<b>Comprises</b>			
Non-current	14,022,863	60,000	14,082,863
	<b>14,022,863</b>	<b>60,000</b>	<b>14,082,863</b>

**Provision for remediation costs**

The City operates the Seven Mile Waste Disposal site at Exploration Drive, Gap Ridge. The facility is an active operation and is designed for 12 waste cells with rolling stages of cell construction until November 2048. To date, 3 cells have been constructed, and as such the City has an obligation to rehabilitate constructed cells to minimise potential environmental impacts.

A post closure management plan has been prepared with rehabilitation estimates for the capping and restoration of the cells currently in use. This plan was approved by the Department of Water and Environmental Regulation (DWER) on the 28 August 2020.

A provision for the costs included has been recognised in these financial statements, based on the discounted future values of the estimated costs for the three established cells, using current financial information and the target RBA inflation rate. Increments in the provision are to be calculated annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation (unwinding of the discount rate).

## 20. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	60,871,828	63,631,641	55,175,670

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	15,631,007	7,654,060	6,337,772
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(6,542)	0	0
Adjustments to fair value of investment properties	(5,438,861)	0	(3,381,936)
Depreciation on non-current assets	21,305,004	18,594,262	20,456,483
(Profit)/loss on sale of asset	403,636	271,583	3,339,995
Unwinding of discount and loss on revaluation of remediation costs	176,038	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	1,457,551	303,836	3,169,366
(Increase)/decrease in inventories	(435,301)	15,353	(77,111)
(Increase)/decrease in contract assets	(691,479)	0	0
Increase/(decrease) in payables	4,928,294	3,813,266	(4,166,030)
Increase/(decrease) in provisions	218,193	(505,964)	374,415
Increase/(decrease) in other provisions	60,000	0	0
Increase/(decrease) in other liabilities	(1,146,195)	(1,351,148)	73,975
Non-operating grants, subsidies and contributions	(4,926,429)	(5,523,990)	(5,752,377)
Net cash from operating activities	31,534,916	23,271,258	20,374,552

## 21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	10,898,249	10,096,560
Law, order, public safety	3,094,113	3,055,760
Health	786,431	826,030
Education and welfare	2,493,083	2,705,570
Housing	19,725,108	19,913,730
Community amenities	37,731,301	37,916,816
Recreation and culture	211,218,974	200,782,731
Transport	411,518,576	396,530,549
Economic services	32,484,874	26,692,563
Other property and services	3,082,502	982,755
Unallocated	70,633,195	84,126,709
	803,666,406	783,629,773

## 22. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the City has listed sites to be possible sources of contamination. Details of these site are:

- Roebourne Airport
- Karratha Airport
- Karratha Depot

Until the City conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation (DWER) on the need and criteria for remediation of a risk based approach, the City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with DWER guidelines.

## 23. CAPITAL COMMITMENTS

### Capital Expenditure Commitments

	2021	2020
	\$	\$
Contracted for:		
Andover Park	0	55,900
Bayly Ave Realignment	829,263	74,827
City Housing	3,465,783	0
Dampier Boat Ramp Jetties	690,435	0
Karratha Leisureplex Facility Improvement Study	478,675	137,400
Kevin Richards Memorial Oval	901,950	208,305
Murujuga Access Road	170,149	0
Point Samson Fishing Platform	103,853	0
Roebourne Gaol Precinct	0	989,053
Roebourne Streetscape	110,208	0
Shade Structure Panels	160,700	0
Walgu Park	42,190	0
Wickham Aquatic Centre	355,818	76,000
Wickham Community Hub Public Art	110,000	0
Windy Ridge & Hampton Oval	52,375	0
Youth Shed Refurbishment	205,845	0
Building Improvements	252,547	0
Equipment Purchases	61,977	0
Information Technology Projects	117,487	0
Karratha Revitalisation Strategy	25,300	0
Land Development	2,082,249	0
Parks & Landscaping	306,714	0
Pathway Projects	66,156	0
Playground Replacement/Upgrade	25,110	0
Road Projects	5,755	0
Plant Purchases	484,644	805,217
	<b>11,105,183</b>	<b>2,346,702</b>
Payable:		
- not later than one year	11,105,183	2,346,702

**24. ELECTED MEMBERS REMUNERATION**

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Mayor - Cr Peter Long</b>			
Mayor's annual allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Training & other expenses (including child care)	316	0	586
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	600	2,500	5,530
	<b>141,685</b>	<b>143,269</b>	<b>146,885</b>
<b>Deputy Mayor - Cr Kelly Nunn</b>			
Deputy Mayor's annual allowance	22,438	22,438	15,635
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,343	2,500	3,558
	<b>59,959</b>	<b>62,616</b>	<b>54,371</b>
<b>Deputy Mayor - Cr Grant Cucel</b>			
Deputy Mayor's annual allowance	0	0	6,823
Meeting attendance fees	0	0	9,634
Annual allowance for ICT expenses	0	0	1,064
	<b>0</b>	<b>0</b>	<b>17,521</b>
<b>Cr Jamie Armstrong (sworn in 22 March 2021)</b>			
Meeting attendance fees	8,787	0	0
Annual allowance for ICT expenses	971	0	0
	<b>9,758</b>	<b>0</b>	<b>0</b>
<b>Cr Garry Bailey</b>			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	1,055	800	1,528
	<b>36,233</b>	<b>38,478</b>	<b>36,706</b>
<b>Cr Margaret Bertling</b>			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	800	0
	<b>35,178</b>	<b>38,478</b>	<b>35,178</b>
<b>Cr Georgia Evans (Councillor until 8 January 2021)</b>			
Meeting attendance fees	16,664	31,678	31,678
Training & other expenses (including child care)	0	2,500	0
Annual allowance for ICT expenses	1,841	3,500	3,500
Travel and accommodation expenses	1,204	800	1,671
	<b>19,709</b>	<b>38,478</b>	<b>36,849</b>
<b>Cr Geoffrey Harris</b>			
Meeting attendance fees	31,678	31,678	22,073
Training & other expenses (including child care)	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	2,439
Travel and accommodation expenses	0	800	0
	<b>35,178</b>	<b>38,478</b>	<b>24,512</b>

**24. ELECTED MEMBERS REMUNERATION**

**Cr George Levissianos (Councillor until 27 December 2019)**

Meeting attendance fees  
 Annual allowance for ICT expenses

**Cr Pablo Miller**

Meeting attendance fees  
 Training & other expenses (including child care)  
 Annual allowance for ICT expenses  
 Travel and accommodation expenses

**Cr Daniel Scott**

Meeting attendance fees  
 Training & other expenses (including child care)  
 Annual allowance for ICT expenses  
 Travel and accommodation expenses

**Cr Evette Smeathers**

Meeting attendance fees  
 Training & other expenses (including child care)  
 Annual allowance for ICT expenses  
 Travel and accommodation expenses

**Cr Joanne Waterstrom-Muller**

Meeting attendance fees  
 Training & other expenses (including child care)  
 Annual allowance for ICT expenses  
 Travel and accommodation expenses

Total Elected Members Remuneration

**Fees, expenses and allowances to be paid or reimbursed to elected council members**

Mayor's allowance  
 Deputy Mayor's allowance  
 Meeting attendance fees  
 Training & other expenses (including child care)  
 Annual allowance for ICT expenses  
 Travel and accommodation expenses

**Expenses relating to elected council members**

Travel and accommodation expenses  
 Training & other expenses (including child care)  
 Mayor's Discretionary Fund (Council Related Expenses)

Total Elected Member Expenses

	2021 Actual \$	2021 Budget \$	2020 Actual \$
	0	0	15,839
	0	0	1,750
	0	0	17,589
	31,678	31,678	31,678
	0	2,500	0
	3,500	3,500	3,500
	0	800	0
	35,178	38,478	35,178
	31,678	31,678	31,678
	0	2,500	0
	3,500	3,500	3,500
	0	800	0
	35,178	38,478	35,178
	31,678	31,678	31,678
	0	2,500	0
	3,500	3,500	3,500
	0	800	0
	35,178	38,478	35,178
	31,678	31,678	31,678
	0	2,500	0
	3,500	3,500	3,500
	0	800	0
	35,178	38,478	35,178
	478,412	513,709	510,323
	89,753	89,753	89,753
	22,438	22,438	22,458
	326,391	332,618	348,486
	316	22,500	586
	34,312	35,000	36,753
	5,202	11,400	12,287
	478,412	513,709	510,323
	16,883	0	23,251
	10,128	0	2,475
	509	0	159
	27,520	0	25,885
	505,932	513,709	536,208

## 25. RELATED PARTY TRANSACTIONS

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the City during the year are as follows:

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	1,366,731	1,340,883
Post-employment benefits	129,420	130,401
Other long-term benefits	180,071	203,998
	<u>1,676,222</u>	<u>1,675,282</u>

#### Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

#### Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

### Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated. No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Sale of goods and services	5,830	1,405
Purchase of goods and services	24,200	75,733

#### Amounts outstanding from related parties:

Trade and other receivables	720	0
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#### Amounts payable to related parties:

Trade and other payables	180	1,585
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### Related Parties

Sale of goods and services relate predominantly to the use of Community facilities such as oval hire. Purchase of goods and services relate predominantly to award and engraving services and specialist consultancy, as well as community COVID-19 support initiatives.

#### The City's main related parties are as follows:

##### i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

##### ii. Other Related Parties

An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

##### iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

## 26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

### KARRATHA AIRPORT - OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2021	2021 Budget	2020
	\$	\$	\$
<b>Revenue</b>			
Fees and Charges	15,863,989	14,675,567	15,642,298
Terminal Leases	219,208	309,298	353,101
Grants and Contributions	1,853,516	1,092,400	879,226
Other Revenue	1,849,364	2,699,584	2,948,460
	<u>19,786,077</u>	<u>18,776,849</u>	<u>19,823,085</u>
<b>Expenditure</b>			
Employee Costs	(2,711,369)	(2,698,807)	(2,233,823)
Materials & Contracts	(4,430,483)	(5,036,297)	(4,101,466)
Utilities	(1,603,109)	(1,896,772)	(1,723,072)
Insurance	(510,322)	(457,620)	(444,370)
Depreciation	(3,314,470)	(3,005,086)	(3,047,145)
Other Expenditure	(172,282)	(44,657)	(344,035)
	<u>(12,742,035)</u>	<u>(13,139,239)</u>	<u>(11,893,911)</u>
<b>Net Operating Result</b>	<u>7,044,042</u>	<u>5,637,610</u>	<u>7,929,174</u>
Capital Expenditure	8,138,031	10,301,263	4,032,168
<b>Total Net Trading Undertaking</b>	<u>(1,093,990)</u>	<u>(4,663,653)</u>	<u>3,897,006</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4,635,338		3,528,251
Reserves - Cash Backed	3,524,751		3,490,740
	<u>8,160,089</u>		<u>7,018,991</u>
<b>NON CURRENT ASSETS</b>			
Buildings	46,588,706		46,588,706
Less Accumulated Depreciation	(5,798,901)		(6,707,086)
Infrastructure	84,551,362		84,798,686
Less Accumulated Depreciation	(20,206,683)		(22,343,041)
Plant	278,606		262,476
Less Accumulated Depreciation	(43,255)		(19,848)
Equipment	501,836		64,892
Less Accumulated Depreciation	(102,387)		(11,221)
Furniture & Equipment	417,652		286,323
Less Accumulated Depreciation	(78,524)		(48,299)
Artwork	147,500		167,500
Less Accumulated Depreciation	(2,950)		(6,709)
	<u>106,252,962</u>		<u>103,032,379</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,985,679		999,588
	<u>1,985,679</u>		<u>999,588</u>
<b>NET ASSETS</b>	<u>112,427,372</u>		<u>109,051,782</u>
<b>EQUITY</b>			
Reserves - cash backed	3,524,751		3,490,740
Retained surplus	108,902,621		105,561,042
<b>TOTAL EQUITY</b>	<u>112,427,372</u>		<u>109,051,782</u>
Transfer to/(from) City Operations	(4,469,579)		2,945,600

The City operates the only public airport within the district and operates the aerodrome with the purpose of producing a profit.

26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

THE QUARTER - OPERATING STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2021

	2021	2021 Budget	2020
	\$	\$	\$
<b>Revenue</b>			
Leases	2,180,370	1,981,620	1,778,543
Other Revenue	980,958	633,976	838,584
	<u>3,161,328</u>	<u>2,615,596</u>	<u>2,617,127</u>
<b>Expenditure</b>			
Employee Costs	0	0	(388)
Materials & Contracts	(841,146)	(648,656)	(791,395)
Utilities	(402,528)	(308,280)	(355,668)
Insurance	(74,879)	(65,752)	(65,751)
Other Expenditure	(356,948)	(219,732)	(207,773)
	<u>(1,675,501)</u>	<u>(1,242,420)</u>	<u>(1,420,975)</u>
<b>Net Operating Result</b>	<u>1,485,827</u>	<u>1,373,176</u>	<u>1,196,152</u>
Fair value adjustments to investment property	5,922,835	0	2,232,000
<b>Total Net Trading Undertaking</b>	<u>(4,437,008)</u>	<u>1,373,176</u>	<u>(1,035,848)</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	67,704		185,622
	<u>67,704</u>		<u>185,622</u>
<b>NON CURRENT ASSETS</b>			
Land	1,500,000		1,000,000
Buildings	28,500,000		23,000,000
	<u>30,000,000</u>		<u>24,000,000</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,893		11,000
	<u>3,893</u>		<u>11,000</u>
<b>NET ASSETS</b>	<u>30,063,811</u>		<u>24,174,622</u>
<b>EQUITY</b>			
Retained surplus	30,063,811		24,174,622
<b>TOTAL EQUITY</b>	<u>30,063,811</u>		<u>24,174,622</u>

As part of the City's investment strategy, a commercial property 'The Quarter', was purchased in June 2017.



CITY OF KARRATHA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

27. RATING INFORMATION (Continued)

(b) Service Charges

Service Charges	Amount of Charge	2020/21 Actual		2020/21 Actual		2020/21 Actual		2020/21 Budget		2020/21 Budget		2019/20 Total	
		Revenue Raised	Charges Applied to Costs	Charges Applied to Costs	Charges Set Aside to Reserve	Charges Applied to Costs	Charges Set Aside to Reserve	Revenue	Charges Applied to Costs	Charges Set Aside to Reserve	Revenue	Charges Applied to Costs	Actual Revenue
PUPP HV Allocation	\$48.26 per kVa	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
PUPP LV Allocation	\$196.38 per kVa	0	0	0	0	0	0	0	0	0	0	0	0
PUPP Connection Charge	\$1,022.17 per Connection	0	0	0	0	0	0	0	0	0	0	0	(1,022)
		0	0	0	0	0	0	0	0	0	0	0	(1,022)

  

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
PUPP HV Allocation	To assist with the costs associated with the HV component of PUPP Works	Fund the HV component of PUPP Works	All areas within scope of PUPP works
PUPP LV Allocation	To assist with the costs associated with the LV component of PUPP Works	Fund the LV component of PUPP Works	All areas with existing overhead infrastructure
PUPP Connection Charge	To assist with the costs associated with the Connection component of PUPP works	Fund the Connection component of PUPP works	All properties with an existing overhead connection

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**27. RATING INFORMATION (Continued)**

(c) Discounts, Incentives, Concessions, & Write-offs  
Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cossack (GRV) Fees and Charges	Concession Waiver	1,499	29,980	29,980	29,980	29,980
Rates	Waiver	As determined on application	42,050	100,000	100,000	63,196
Rates and Penalty interest	Write Off	100.00%	31,069	31,069	31,069	38,275
Fees and Charges	Write Off	As determined on application	0	30,000	30,000	79
		As determined on application	73,105	50,000	50,000	14,281
			176,204	241,049	241,049	145,811
Total discounts/concessions (Note 27(a))			176,204	241,049	241,049	145,811

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Cossack (GRV)	All 20 rateable properties within the Cossack Township	To provide rating relief to property owners in the Cossack Township	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities
Fees and Charges	Waiver of Fees and Charges for local Sporting Groups where no commercial return is derived from the property	To assist local Not for Profit Community Organisations to remain viable	To recognise the community benefit provided by local Not for Profit Community Organisations
	Fee Waivers for Economic Development purposes considered on an individual basis by Council or administratively by delegated authority	To encourage economic diversity and growth within the City of Karratha	To ensure a diverse economy for the future prosperity of the City of Karratha
	General Fee Waivers considered on an individual basis administratively by delegated authority	To ensure business continuity, administrative efficiency and marketing opportunities	To minimise the administrative costs of the City and its partners in doing business
Rates	Fee Waivers for local Not for Profit and Community Organisations considered upon application for the use of the City's waste and recreational facilities	To assist local sporting organisations to remain operational	To recognise the community benefit provided by local sporting organisations
Rates and Penalty interest	Considered on an individual basis by Council or administratively by delegated authority	To ensure efficiency and cost effectiveness in pursuing rates debts	To manage the City's rates register in an economically viable manner
Fees and Charges	Considered on an individual basis by Council or administratively by delegated authority	To ensure efficiency and cost effectiveness in pursuing sundry debts	To manage the City's debt portfolio in an economically viable manner

27. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	31/08/2020	0	0.00%	8.00%
<b>Option Two</b>				
First instalment	31/08/2020	0	4.50%	8.00%
Second instalment	19/01/2021	10	4.50%	8.00%
<b>Option Three</b>				
First instalment	31/08/2020	0	4.50%	8.00%
Second instalment	10/11/2020	10	4.50%	8.00%
Third instalment	19/01/2021	10	4.50%	8.00%
Fourth instalment	23/03/2021	10	4.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	126,485	240,000	305,777
Interest on instalment plan	86,827	90,000	88,316
Deferred Pensioner Interest	0	1,100	1,105

	2021 Actual \$	2021 Budget \$	2020 Actual \$
PUPP Penalty Interest	(1,685)	24,000	24,570
PUPP Instalment Interest	40,815	28,443	36,653
PUPP Instalment Charges	4,450	2,690	(5,520)
	43,580	55,133	55,703

CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021

28. RATE SETTING STATEMENT INFORMATION

		2020/21	2020/21	2019/20
		(30 June 2021	Budget	(30 June 2020
Note	Carried Forward)	Carried Forward)	Carried Forward)	Carried Forward)
	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
	Less: Profit on asset disposals	10(a) (35,501)	(1,200)	(121,201)
	Less: Non-cash grants and contributions for assets	0	0	(720,628)
	Less: Fair value adjustments to financial assets at fair value through profit and loss	(6,542)	0	0
	Movement in investment properties (non-current)	13 (5,438,861)	0	(3,381,936)
	Movement in pensioner deferred rates (non-current)	0	0	15,359
	Movement in employee benefit provisions (non-current)	16,764	0	(121,205)
	Movement in other provisions (non-current)	(393,793)	0	0
	Movement of inventory (non-current)	394,988	0	0
	Add: Loss on disposal of assets	10(a) 439,137	272,783	3,461,196
	Add: Depreciation on non-current assets	10(b) 21,305,004	18,594,262	20,456,483
	<b>Non cash amounts excluded from operating activities</b>	<b>16,281,196</b>	<b>18,865,845</b>	<b>19,588,068</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
	Less: Reserves - cash/financial asset backed	4 (73,555,557)	(62,366,472)	(67,506,603)
	Less: Financial assets at amortised cost - self supporting loans	5(a) (16,454)	0	0
	Less: Movement in Accruals	196,089	0	319,492
	Less: Provision for Doubtful Debts	(2,002,015)	0	(1,768,054)
	Less: Movement in Restricted Surplus	(204,530)	0	(203,224)
	Less: Movement in provisions between current and non-current provisions	0	84,768	0
	Less: Movement in Unspent grants	0	0	(42,481)
	Less: Movement in Financial assets at amortised cost	0	0	(24,777)
	Less: Current loans - clubs/institutions	(3,083)	0	(6,166)
	Less: Current assets not expected to be received at end of year - Land held for resale	7 (370,130)	(185,893)	(35,893)
	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	17(a) 16,416	87,653	85,520
	- Current portion of lease liabilities	145,406	0	14,998
	- Employee benefit provisions	4,820,037	3,617,024	4,618,608
	Add: Restricted Surplus/(Deficit) June 30 b/fwd	453,046	0	656,270
	Less: Restricted Surplus/(Deficit) June 30 c/fwd	(248,516)	(298,823)	(453,046)
	<b>Total adjustments to net current assets</b>	<b>(70,769,291)</b>	<b>(59,061,743)</b>	<b>(64,345,356)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
	Total current assets	88,300,652	72,003,458	79,079,836
	Less: Total current liabilities	(17,079,140)	(12,808,032)	(13,034,308)
	Less: Total adjustments to net current assets	(70,769,291)	(59,061,743)	(64,345,356)
	<b>Net current assets used in the Rate Setting Statement</b>	<b>452,221</b>	<b>133,683</b>	<b>1,700,172</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**29. FINANCIAL RISK MANAGEMENT**

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Financial Services under policies approved by Council. Financial Services identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

**(a) Interest rate risk**

**Cash and cash equivalents**

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>					
Cash and cash equivalents	1.08%	60,871,828	0	60,871,828	0
Financial assets at amortised cost - term deposits	0.81%	16,550,052	16,550,052	0	0
Financial assets at amortised cost - self supporting loans	2.65%	15,470	15,470	0	0
Loans receivable - clubs/institutions	4.10%	655,614	655,614	0	0
<b>2020</b>					
Cash and cash equivalents	0.85%	55,175,670	0	55,175,670	0
Financial assets at amortised cost - term deposits	1.64%	13,163,678	13,163,678	0	0
Financial assets at amortised cost - self supporting loans	2.48%	199,690	199,690	0	0

**Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

Impact of a 1% movement in interest rates on profit and loss and equity\*

\* Holding all other variables constant

<b>2021</b>	<b>2020</b>
<b>\$</b>	<b>\$</b>
<b>608,718</b>	<b>551,757</b>

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade and Other Receivables**

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.98%	4.41%	18.96%	53.12%	
Gross carrying amount	972,885	294,659	116,337	137,724	1,521,605
Loss allowance	9,565	13,008	22,056	73,158	117,787
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	4.23%	7.07%	1.74%	3.15%	
Gross carrying amount	161,367	131,239	235,098	879,801	1,407,505
Loss allowance	6,830	9,280	4,080	27,710	47,900

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	80.58%	
Gross carrying amount	3,622,721	124,814	0	2,338,218	6,085,753
Loss allowance	0	0	0	1,884,228	1,884,228
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	53.52%	
Gross carrying amount	3,576,926	1,162,617	454,033	3,214,142	8,407,718
Loss allowance	0	0	0	1,720,154	1,720,154

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk (Continued)

#### Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	11,123,600	0	0	11,123,600	11,123,600
Borrowings	16,416	16,853	0	33,269	33,269
Contract liabilities	973,681	0	0	973,681	973,681
Lease liabilities	145,406	670,651	556,830	1,372,887	1,372,887
	<u>12,259,103</u>	<u>687,504</u>	<u>556,830</u>	<u>13,503,437</u>	<u>13,503,437</u>
<b>2020</b>					
Payables	6,195,306	0	0	6,195,306	6,195,306
Borrowings	85,520	177,494	0	263,014	263,014
Lease liabilities	14,998	12,831	0	27,829	27,829
	<u>6,295,824</u>	<u>190,325</u>	<u>0</u>	<u>6,486,149</u>	<u>6,486,149</u>

### **30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

Following the end of the financial year the City signed a Deed of Settlement with SuperCivil Pty Ltd and the matter is now settled. The recoverable receivable from the settlement has been adjusted for in the financial report as at 30 June 2021.

### **31. TRUST FUNDS**

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	<b>1 July 2020</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2021</b>
	\$	\$	\$	\$
Public Open Space Contributions	853,833	0	(242,066)	611,767
Karratha Agistment Centre Compensation Funds	206,780	0	0	206,780
Unclaimed Monies	2,983	0	0	2,983
VAST	7,060	5,201	0	12,261
Other Bonds & Guarantees	22,348	0	0	22,348
North West Defence Alliance	0	6,100	0	6,100
	<b>1,093,004</b>	<b>11,301</b>	<b>(242,066)</b>	<b>862,239</b>

## 32. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

### b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

### c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

### d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

### e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

### f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

### g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

### h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

#### Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

#### Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

#### Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

#### i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**33. ACTIVITIES/PROGRAMS**

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b>            To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Functions relating to Councillors and the oversight of legislative compliance. Expenditure includes election costs as well as fees and allowances paid to elected members and other costs associated with members of Council. Governance also includes other tasks such as the City's internal audit function, Freedom of Information requests, Public Interest Disclosures and procurement policy development and oversight.</p>
<p><b>GENERAL PURPOSE FUNDING</b>            To collect revenue to allow for the provision of services.</p>	<p>Rating (including ex-gratia contributions), interest revenues, investment property revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b>            To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision of various by-laws, fire and emergency services and animal control. Includes expenditure for Ranger Services, State Emergency Service and disaster preparation and recovery expenses.</p>
<p><b>HEALTH</b>            To provide an operational framework for environmental and community health.</p>	<p>Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses primarily relating to mosquito control.</p>
<p><b>EDUCATION AND WELFARE</b>            To provide services to disadvantaged persons the elderly, children and youth.</p>	<p>Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.</p>
<p><b>HOUSING</b>            To provide and maintain staff housing.</p>	<p>Maintenance and operational expenses associated with the provision of staff housing.</p>
<p><b>COMMUNITY AMENITIES</b>            To provide services required by the community.</p>	<p>Rubbish collection services, operation of waste facility, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.</p>
<p><b>RECREATION AND CULTURE</b>            To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>Maintenance and operation of halls, recreation and aquatic centres, various reserves and libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct, community hubs and other pavilions, ovals and parks maintenance, coastal rehabilitation, and four libraries. Expenses relating radio re-broadcasting are also included in this function.</p>
<p><b>TRANSPORT</b>            To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, drainage, footpaths, parking facilities and traffic signs. It also includes expenditure relating to parking control and the operation of the Karratha &amp; Roebourne Airport.</p>
<p><b>ECONOMIC SERVICES</b>            To help promote the local government and its economic wellbeing.</p>	<p>Includes expenditure associated with operation of visitor services and camping grounds, in addition to the administration of building controls.</p>
<p><b>OTHER PROPERTY AND SERVICES</b>            To monitor and control operating accounts.</p>	<p>Includes private works on property and services not under the care, control and management of the City. It also includes expenditure relating to plant operations, technical services, town planning schemes and other unclassified works.</p>

### 34. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	2.24	1.28	1.42
Asset consumption ratio	0.80	0.80	0.81
Asset renewal funding ratio	1.20	1.37	1.13
Asset sustainability ratio	0.92	0.70	0.91
Debt service cover ratio	93.30	198.64	272.31
Operating surplus ratio	0.13	0.01	0.09
Own source revenue coverage ratio	0.85	0.81	0.90

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$